

MOHAVE COUNTY WATER AUTHORITY OVERVIEW

1. WHY OR WHAT CAUSED THE MCWA TO BE FORMED?

The catalyst which brought the Mohave County Water Authority group together was the Department of Interior notice to the City of Kingman that their 18,500 acre feet of 4th priority main stream contract was going to expire due to lack of beneficial use!

2. HOW WAS THE MCWA FORMED?

It became apparent that if the Mohave County group, which was dubbed "THE LUNCH BUNCH", wanted the Kingman Contract to stay within Mohave County they better quit squabbling amongst themselves and work together.

The 'LUNCH BUNCH', consisting of Lake Havasu City, Bullhead City, City of Kingman, Mohave Valley Irrigation & Drainage District, Golden Shores, Water Conservation District, Mohave Water Conservation District, and Colorado City began informal negotiations with all the interested parties.

The process from "idea to implementation" (approximately 3 years) had many ups and downs, some of which were:

Organizing Challenges.

To consolidate a group of public entities that historically never agreed to **anything** was the first hurdle. Who was going to run the organization; who was to pay & how much; how was the water to be divided; what taxing and condemnation powers would the group have; how would it affect existing mainstream contracts; how

would Kingman benefit for their long term water requirements and should it deal with surface water, groundwater, or both? These were a few of the initial issues.

There has always been fierce competition between the entities in Mohave County...then throw in water rights...and the dynamics became very interesting.

1. Our approach was: Devise a plan and agree to a structure.
2. Contact Kingman to see if they had any interest in working with us and what they would like to see.
3. Review our ideas with the Bureau of Reclamation and the ADWR.

By that time "The Lunch Bunch" realized, that as a group, they did not have the legal authority to operate. Therefore, a committee was appointed which began exploring legislation that would empower the organization. That effort resulted in A.R.S. 45-2201 being passed 1995 (Exhibit A), and the Mohave County Water Authority came into being.

Legislative Challenges:

During the lobby and hearing process we were advised that this was an issue that could affect all Colorado River contract holders ,and had to make adjustments to our requests, which resulted in these legislative limitations on the rights of the Authority:

1. Prohibits any right of eminent domain.
2. Prohibits the levy of any ad valorem or excise tax provided that:
 - a. The fees and rates authorized by Section 45-2244, sub-section B

and Section 45-2245, sub-section H shall not be considered to be a tax.

- b. The Authority may collect and remit any excise tax required to be collected or remitted by other parties.
- 3. Cannot engage in the distribution of water within the service area of a city, town, private water company or irrigation district without the written authorization of the city, town private water company or irrigation district.
- 4. Cannot regulate the acquisition, use or disposal of water or water rights except as specifically provided by this chapter or pursuant to contractual agreements authorized by the chapter.

The one that is hard to live with: "Cannot levy taxes". All other limitations have not been overly cumbersome.

The greatest obstacle we had to overcome was when the Secretary of Interior (Mr. Babbitt) decided that Kingman's 18,500 acre feet of 4th priority water should be used for Indian water settlements. The "Lunch Bunch" conducted a heavy lobbying effort at the state and federal levels, which required numerous trips to Washington D.C. and the state capitol to visit our senators, congressmen and representatives. Senator Kyl was the driving force that changed Mr. Babbitt's mind.

3. WHAT IS THE ORGANIZATIONAL STRUCTURE OF THE MCWA?

The Mohave County Water Authority (MCWA) was formed in 1995 by public

entities that had a 4th, 5th or 6th priority mainstream Colorado River contract with the Department of Interior for municipal and industrial use and consisted of all "Lunch Bunch" members with the exception of Colorado City. Mohave County was added as a member during the legislative lobbying process though it does not have a Colorado River contract.

4. LEGISLATIVE AUTHORITY?

The MCWA is formed pursuant to A.R.S. 45-2202 (Exhibit A).

5. HOW WAS THE 18,500 ACRE FEET ACQUISITION ACQUIRED AND PAID FOR, AND HOW DOES KINGMAN BENEFIT?

All members made their needs known; then the available water was distributed by Board action as follows:

4th Priority.

Bullhead City	6,000 acre feet
Lake Havasu City	6,000 acre feet
Mohave Water Conservation District	<u>3,000 acre feet</u>
Total 4 th Priority	15,000 acre feet
5 th Priority Short Term Leases.	<u>3,500 acre feet</u>
TOTAL	18,500 acre feet

The recipients of 4th priority water agreed to pay \$500 per acre foot to the District, payable over 15 years with holding charges of \$3.00/acre foot, all adjusted by annual cost of living index.

These funds (less 10%) are granted to the City Of Kingman and must be used for their water development.

6. WHAT REVENUE SOURCES DO WE HAVE?

In the beginning we realized that without taxing power we would have limited funds. Therefore, it was agreed that much of the Board of Directors' and Administrators' time and expenses would be donated. THIS HAS WORKED WELL. (e.g. I contribute my time and my staff's time; City of Kingman contributes financial services; and for our first several years Lake Havasu City contributed staff assistance.)

We do not have:

Employees.

Offices.

Assets, except water contracts.

We do have:

Attorney on retainer.

Auditor for annual audits.

Engineer/Consultants (as needed).

Revenues:

Member's dues and special assessments.

Administration fees on all contracts and transfers.

Short term leases of 5th priority water.

7. WHAT WORKS AND WHAT DOESN'T?

What Works.

The District structure has worked very well because all of the members have been willing to volunteer their time and resources to make MCWA a success. Our “one voice” has enabled us to positively influence, and participate in, water issues at the local, state and federal level.

What doesn’t work.

Could use taxing and bonding powers particularly for funding of the acquisition of both shortage year and permanent supplies.

8. THE FUTURE.

As the Colorado River is our only source of water at this time (we do not have a ground water backup), we are working on and exploring the following:

A. Permanent Supplies

Finalizing the Cibola deal for 5,900 acre feet, in conjunction with the Conservation Fund and Hopi Indian Tribe. The process started about 1993, and hopefully, will be completed this year.

Conversion of the Kingman 5th and 6th priority water to 4th priority.

Water banking, both in-stream and underground, is being explored for supplemental supply.

Future acquisition of mainstream water when available.

Possible final rules on the Accounting Surface (Brite Line issue), which would give us an alternate source.

B. Shortage Issues.

Shortage sharing agreement.

Conservation.

Credits in AWBA with firming credits.

Fallow farm lands.

Work with the Indian Tribes on Fallow Agreements.

Grey water reuse.